

SENATE BILL NO. 449

INTRODUCED BY J. KEANE

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF OIL AND GAS CONSERVATION TO PROMOTE THE STATE'S OIL AND GAS INDUSTRY, TO ENCOURAGE EFFICIENT ENERGY USE, TO PROMOTE ENVIRONMENTALLY SOUND EXPLORATION AND PRODUCTION METHODS AND TECHNOLOGIES, TO DEVELOP THE STATE'S OIL AND GAS RESOURCES, AND TO SUPPORT RESEARCH AND EDUCATIONAL ACTIVITIES CONCERNING THE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION INDUSTRY; ALLOWING COORDINATION WITH MONTANA TECH OF THE UNIVERSITY OF MONTANA; AUTHORIZING THE BOARD TO MAKE LOANS OR GRANTS, ENTER INTO CONTRACTS OR AGREEMENTS, ACCEPT FUNDS, AND DISTRIBUTE MONEY; AND AMENDING SECTION 82-11-111, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 82-11-111, MCA, is amended to read:

"82-11-111. Powers and duties of board. (1) The board shall make ~~such~~ investigations ~~as that~~ it considers proper to determine whether waste exists or is imminent or whether other facts exist ~~which that~~ justify any action by the board under the authority granted by this chapter ~~with respect thereto~~.

(2) Subject to the administrative control of the department under 2-15-121, the board shall:

(a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and production, including but not limited to regulating the disposal or injection of water and disposal of oil field wastes;

(b) classify wells as oil or gas wells or class II injection wells for purposes material to the interpretation or enforcement of this chapter;

(c) adopt and enforce rules and orders to ~~effectuate the purposes and the intent of~~ implement this chapter.

(3) The board shall determine and prescribe ~~what which~~ producing wells ~~shall be~~ are defined as "stripper wells" and ~~what which~~ wells ~~shall be~~ are defined as "wildcat wells" and make ~~such~~ orders ~~as that~~ in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if it ~~that~~ is considered necessary in the interest of conservation ~~to do so~~.

(4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate, {daily or otherwise}, of production of gas from that pool by any existing well then or thereafter a well drilled after that date and producing from that pool to less than the rate at which the well can be produced without adversely affecting the quantity of gas ultimately recoverable by the well.

(5) The board has exclusive jurisdiction over all class II injection wells and all pits and ponds in relation to those injection wells. The board may:

(a) issue, suspend, revoke, modify, or deny permits to operate class II injection wells, consistent with rules made by it;

(b) examine plans and other information needed to determine whether a permit should be issued or require changes in plans as a condition to the issuance of a permit;

(c) clearly specify in a permit any limitations imposed as to the volume and characteristics of the fluids to be injected and the operation of the well;

(d) authorize its staff to enter upon any public or private property at reasonable times to:

(i) investigate conditions relating to violations of permit conditions;

(ii) have access to and copy records required under this chapter;

(iii) inspect monitoring equipment or methods; and

(iv) sample fluids ~~which~~ that the operator is required to sample; and

(e) adopt standards for the design, construction, testing, and operation of class II injection wells.

(6) The board shall determine, for the purposes of using the oil and gas production damage mitigation account established in 82-11-161:

(a) when the person responsible for an abandoned well, sump, or hole cannot be identified or located, or if the person is identified or located, when the person does not have sufficient financial resources to properly plug the well, sump, or hole; or

(b) when a previously abandoned well, sump, or hole is the cause of potential environmental problems and no responsible party can be identified or located or, if a responsible party can be identified and located, the person does not have sufficient financial resources to correct the problems.

(7) The board may take measures to demonstrate to the general public the importance of the state's oil and gas exploration and production industry, to encourage and promote the wise and efficient use of energy, to promote environmentally sound exploration and production methods and technologies, to develop the state's oil

1 and gas resources, and to support research and educational activities concerning the oil and natural gas
2 exploration and production industry. The board may:

3 (a) make grants or loans and provide other forms of financial assistance as necessary or appropriate
4 from available funds to qualified persons for research, development, marketing, educational projects, and
5 processes or activities directly related to the state's oil and gas exploration and production industry;

6 (b) enter into contracts or agreements to carry out the purposes of this subsection (7), including the
7 authority to contract for the administration of an oil and gas research, development, marketing, and educational
8 program;

9 (c) cooperate with any private, local, state, or national commission, organization, agent, or group and
10 enter into contracts and agreements for programs benefiting the oil and gas exploration and production industry;

11 (d) coordinate with THE MONTANA UNIVERSITY SYSTEM, INCLUDING Montana tech of the university of
12 Montana or any of its affiliated research programs;

13 (e) accept donations, grants, contributions, and gifts from any public or private source for deposit in the
14 oil and gas education and research account established in [section 2];

15 (f) distribute funds from the oil and gas education and research account to carry out the provisions of
16 this subsection (7); and

17 (g) make orders and rules to implement the provisions of this subsection (7)."

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19 **NEW SECTION. Section 2. Oil and gas education and research account.** There is an oil and gas
20 education and research account within the state special revenue fund established in 17-2-102. Interest or other
21 income earned on money in the oil and gas education and research account accrues to that account.

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23 **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an
24 integral part of Title 82, chapter 11, part 1, and the provisions of Title 82, chapter 11, part 1, apply to [section 2].

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